



Santa Ana Watershed Project Authority

MEMBERS OF THE PROJECT AUTHORITY

EASTERN MUNICIPAL WATER DISTRICT
INLAND EMPIRE UTILITIES AGENCY
ORANGE COUNTY WATER DISTRICT
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT
WESTERN MUNICIPAL WATER DISTRICT

December 4, 2006

Mr. Lester Snow, Director
California Department of Water Resources
1416 Ninth Street, Room 1115-1
P.O. Box 942836
Sacramento, CA 94236-0001

Re: Proposition 50, Chapter 8 First Funding Cycle Recommended Project List

Dear Mr. Snow:

On November 13th, the California Department of Water Resources announced the preliminary recommended list of projects proposed for funding under the first funding cycle of State Proposition 50, Chapter 8 Implementation Grant Program. The Santa Ana Watershed Project Authority (SAWPA) was not included on the list but was listed as first runner up to selection based on point scoring of the grant application. **On behalf of SAWPA and its member agencies, as well as numerous stakeholders throughout the Santa Ana region, we request that funding allocated to Proposition 50, Chapter 8 Implementation under the second funding cycle be moved to the first funding cycle to allow the SAWPA grant application to be included for funding.** We believe this recommendation for increased first round funding is based on the best interests of the State, which is explained as follows:

- 1) **Leverage grant preparation funds spent.** The grant application process for the first funding cycle of State Proposition 50, Chapter 8 Integrated Regional Water Management Program was considered by many as one of the most extensive and expensive grant programs administered in the history of DWR and the SWRCB. SAWPA and other regional grant applicants spent hundreds of thousands of dollars in public funds preparing their grant applications to meet the new State requirements. These high costs were shared by the State staff in the hundreds of hours devoted to preparing grant criteria and applications forms and in reviewing the grant applications under Steps 1 and 2 to meet the bond legislation. Based on the sheer number of Step 1 grant applications reviewed and high standards required along with the combining of some applications as requested by the State, the final 16 grant applications reviewed by the State staff are acknowledged to be the best of the best in integrated regional plans and projects. This effort in preparation and review should not have to be repeated under a second round of grant application. In many cases, such as the SAWPA application, with only minor informational modifications, the grant applications could be immediately readied for State contracting and implementation. Having to reapply in the next funding cycle of Proposition 50, Chapter 8 grant program will result in significant additional monies being spent by grant applicants and by the State.



- 2) **Passage of Proposition 84 Provides More IRWMP Funding.** With the passage of Proposition 84 in November 2006, \$1 billion has been allocated for IRWMP plans and programs in the State. Since these funds have been allocated to regions covering the entire State, significant funds will be made available to backfill the IRWMP program and support those agencies who were counting on funding from the second funding cycle of Proposition 50. Consequently, with this additional funding, the original number of recommended applications for the first Funding Cycle of Proposition 50 can be adjusted. More grant applications and projects can and should be funded now to get as much grant funding as possible out to regions that have projects ready to be implemented.
- 3) **Precedent for Second Funding Cycle Transfer Exists.** Based on criteria established by the State, the original first funding cycle of Proposition 50, Chapter 8 Implementation program was to be \$150 million. After evaluation of Step 2 applications, the amount of funding for the first funding cycle changed from \$150 million to \$175 million after three projects tied in ranking and an additional \$25 million is proposed to be transferred from the second funding cycle to the first funding cycle. By this transfer, it is clear that DWR has some flexibility in how much can be allocated in each funding cycle and can do so if there is a clear benefit to the State.
- 4) **Expediting for Funding Benefits State.** Proposition 50 Water Bond was passed by the voters in November of 2002. Funds under Proposition 50, Chapter 8 for the IRWMP Implementation are now being proposed to be released in early 2007. To avoid further delays in utilizing these funds, several excellent IRWMP projects have been thoroughly screened by State staff and are ready to go with minor modifications. By increasing the funds transferred from the second funding cycle to the first funding cycle, additional water resource projects can be expeditiously implemented thus meeting the legislative goals of generating new water supplies and improved water reliability for the State.
- 5) **Southern California Funding Equity.** Based on the funding allocation defined in the Proposition 50 bond language, Southern California and Northern California were to receive equal shares of the Chapter 8 IRWMP Implementation program funding. As currently allocated under the first funding cycle, there are four Northern California applicants and three Southern California applicants listed on the State recommended list. By adding SAWPA to the recommended list, the first funding cycle of Proposition 50, Chapter 8 funding can reflect an equitable share of funding between northern and southern California as intended by the bond language.

Mr. Lester Snow
December 4, 2006
Page 3

SAWPA has worked closely with SWRCB and DWR staff over the past year to present the very best plan and priority integrated water resources projects for our region. Based on feedback received from State review officials, the problems associated with our scoring can be easily resolved. We, therefore, **ask that DWR reconsider expanding the recommended funding list to include SAWPA's proposal under the First Funding Cycle of Proposition 50, Chapter 8 IRWMP Implementation Program.**

Sincerely,

Santa Ana Watershed Project Authority

A handwritten signature in black ink, appearing to read "Donald F. McIntyre", written in a cursive style.

Donald F. McIntyre
Interim General Manager

DM:MN:pb

K:\projects\Prop 50\Correspondence\ltr-Snow from SAWPA funding long ver LTRHEAD.doc